GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA

STARRED QUESTION NO:32
ANSWERED ON:13.08.2007
RATE OF INTEREST ON EPF
Ahir Shri Hansraj Gangaram;Ponnuswamy Shri Mohan

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

(a) the rate of interest allowed on Employees Provident Fund (EPF) during each of the last three years and the current year;

(b) whether the said rate is lower than the rate of interest given by the Nationalized Banks on the deposits made by senior citizens;

(c) if so, the details and the reasons therefor;

(d) whether there is any proposal to increase the interest rate on EPF to bring it at par with the rate being provided by the Banks;

(e) if so, the details thereof;

(f) whether there is also a demand for increasing the EPF interest rate in proportion to the income from EPF;

(g) if so, the reaction of the Government thereto; and

(h) the time by which the EPF interest rate for 2007-08 is likely to be declared alongwith the reasons for delay in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF LABOUR AND EMPLOYMENT (SHRI OSCAR FERNANDES)

(a) to (h): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (h) OF THE LOK SABHA STARRED QUESTION NO. 32 FOR 13.08.2007 BY SHRI P. MOHAN AND SHRI HANSRAJ G. AHIR REGARDING `RATE OF INTEREST ON EPF.

(a): The rate of interest declared by the Government for the years 2004-05 and 2005-06 was 9.5% and 8.5% respectively. The rate of interest recommended by the Central Board of Trustees, Employees` Provident Fund for the year 2006-07 is 8.5%. However, the rate of interest for the year 2007-08 has not so far been recommended by the Board.

(b) & (c): As per the information provided by SBI, the rates of FDs offered to senior citizens have ranged between 5.50% to 8.75% during the period 1st January 2004 to 31st March 2007.

(d) & (e): There is no such proposal. The rate of interest declared to be credited in EPF Accounts in any particular year is determined in such a manner that there should be no overdrawal on the Interest Suspense Account as a result of debit thereto of the interest credited to members` accounts.

(f) & (g): While recommending the rate of interest for a particular year, the estimated liabilities on account of interest payable to members as well as estimated interest earnings are taken into consideration by the Board. The recommended interest rate is directly proportional to the earnings realised on EPF investments.

(h): The Central Board of Trustees, Employees` Provident Fund has yet not recommended the rate of interest for the year 2007-08.